



General Assembly

Substitute Bill No. 582

January Session, 2009

* SB00582CE 031309 *

AN ACT CREATING A STRONGER STATE ECONOMY AND BETTER BUSINESS CLIMATE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217ii of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) As used in this section:

4 (1) "Commissioner" means the Commissioner of Economic and
5 Community Development;

6 (2) "Income year" means, with respect to entities subject to the
7 insurance premiums tax under chapter 207, the corporation business
8 tax under this chapter or the utilities company tax under chapter 212,
9 the income year as determined under each of said chapters, as the case
10 may be;

11 (3) "Taxpayer" means a person subject to tax under chapter 207, this
12 chapter or chapter 212;

13 (4) "High-impact job applicant" means any Connecticut business
14 that creates a minimum of two hundred new jobs in the state;

15 (5) "Applicant" means taxpayer or high-impact job applicant;

16 [(4)] (6) "New job" means a full-time job which (A) did not exist in
17 this state prior to a taxpayer's application to the commissioner for an
18 eligibility certificate under this section for a job creation credit, and (B)
19 is filled by a new employee;

20 (7) "Baseline employees" means the total number of an applicant's
21 full-time employees as of the first day of the month of the application;

22 [(5)] (8) "New employee" means a person hired by the [taxpayer]
23 applicant to fill a new full-time job. A new employee does not include
24 a person who was employed in Connecticut by a related person with
25 respect to the taxpayer during the prior twelve months;

26 [(6)] (9) "Full-time job" means a job in which an employee is
27 required to work at least thirty-five or more hours per week. A full-
28 time job does not include a temporary or seasonal job;

29 [(7)] (10) "Related person" means (A) a corporation, limited liability
30 company, partnership, association or trust controlled by the [taxpayer]
31 applicant, (B) an individual, corporation, limited liability company,
32 partnership, association or trust that is in control of the [taxpayer]
33 applicant, (C) a corporation, limited liability company, partnership,
34 association or trust controlled by an individual, corporation, limited
35 liability company, partnership, association or trust that is in control of
36 the [taxpayer] applicant, or (D) a member of the same controlled group
37 as the [taxpayer] applicant; and

38 [(8)] (11) "Control", with respect to a corporation, means ownership,
39 directly or indirectly, of stock possessing fifty per cent or more of the
40 total combined voting power of all classes of the stock of such
41 corporation entitled to vote. "Control", with respect to a trust, means
42 ownership, directly or indirectly, of fifty per cent or more of the
43 beneficial interest in the principal or income of such trust. The
44 ownership of stock in a corporation, of a capital or profits interest in a
45 partnership, limited liability company or association or of a beneficial
46 interest in a trust shall be determined in accordance with the rules for
47 constructive ownership of stock provided in Section 267(c) of the

48 Internal Revenue Code of 1986, or any subsequent corresponding
49 internal revenue code of the United States, as from time to time
50 amended, other than paragraph (3) of said Section 267(c).

51 (b) (1) There is established a jobs creation tax credit program
52 whereby a taxpayer who creates at least ten new jobs in Connecticut
53 may be allowed a credit against the tax imposed under chapter 207,
54 this chapter or chapter 212, in an amount [up to sixty per cent of the
55 income tax deducted and withheld from the wages of new employees
56 and paid over to the state pursuant to chapter 229] equal to fifteen
57 hundred dollars per new employee.

58 (2) [For each new employee, credits may be granted] The
59 commissioner may grant credits for [five] three successive years.

60 (3) [The credit shall be claimed in] Taxpayers shall earn tax credits
61 on a calendar year basis. A taxpayer shall claim a credit for the income
62 year in which it is earned [. Any] if the taxpayer's income year
63 coincides with the calendar year and shall claim a credit for the income
64 year next succeeding the calendar year for which it was earned if the
65 taxpayer's income year does not coincide with the calendar years.
66 Taxpayers may carry forward any credits not used in a tax year [shall
67 expire] for three years.

68 (c) Any [taxpayer] applicant planning to claim a credit under the
69 provisions of this section shall apply to the commissioner in
70 accordance with the provisions of this section. The application shall be
71 on a form provided by the commissioner, and shall contain sufficient
72 information concerning the number of new jobs to be created,
73 feasibility studies or business plans for the increased number of jobs,
74 projected state and local revenue that might derive as a result of the job
75 growth and other information necessary to demonstrate that there will
76 be net benefits to the economy of the municipality and the state. The
77 commissioner shall impose a fee for such application as the
78 commissioner deems appropriate.

79 (d) The commissioner shall determine whether (1) the [taxpayer

80 making the application] applicant is eligible for the tax credit, [and] (2)
81 the proposed job growth [(A) is economically viable only with use of
82 the tax credit, (B)] would provide a net benefit to economic
83 development and employment opportunities in the state, and [(C)
84 conforms] (3) the location of facilities where the new employees will
85 work conforms to the state plan of conservation and development
86 prepared pursuant to section 16a-24. The commissioner may require
87 the applicant to submit such additional information as may be
88 necessary to evaluate the application.

89 (e) (1) The commissioner, upon consideration of the application and
90 any additional information the commissioner requires, may approve
91 the credit application, in whole or in part, if the commissioner
92 concludes that the increase in the number of jobs [is economically
93 viable only with the use of the tax credit] and [that] the revenue
94 generated due to economic development and employment
95 opportunities created in the state exceeds the credit and any other
96 credits to be taken. If the commissioner disapproves an application, the
97 commissioner shall specifically identify the defects in the application
98 and specifically explain the reasons for the disapproval. The
99 commissioner shall render a decision on an application not later than
100 ninety days after the date of its receipt by the commissioner.

101 (2) The total amount of credits granted to all [taxpayers] applicants
102 shall not exceed ten million dollars in any one fiscal year.

103 (3) A credit under this section may be granted to [a taxpayer] an
104 applicant for not more than five successive income years.

105 (4) The commissioner may combine approval of a credit application
106 with the exercise of any of the commissioner's other powers, including,
107 but not limited to, the provision of other forms of financial assistance.

108 (f) Upon approving [a taxpayer's] an applicant's credit application,
109 the commissioner shall issue a credit allocation notice certifying that
110 the credits will be available to be claimed by the taxpayer if the
111 taxpayer otherwise meets the requirements of this section. No later

112 than thirty days after the close of the [taxpayer's income] calendar
113 year, the [taxpayer] applicant shall provide information to the
114 commissioner regarding the number of new jobs created for the year,
115 [and the income tax deducted and withheld from the wages of such
116 new employees and paid over to the state for such year.] The
117 commissioner shall issue a certificate of eligibility that includes the
118 [taxpayer's] applicant's name, the number of new jobs created [,] and
119 the amount of the credit certified for the year. The commissioner shall
120 issue the certificate [shall be issued by the commissioner sixty days
121 after the close of the taxpayer's income year or thirty days] after the
122 information is provided, [, whichever comes first.]

123 (g) The commissioner shall, upon request, provide a copy of the
124 certificate of eligibility issued under subsection (f) of this section to the
125 Commissioner of Revenue Services.

126 (h) [(1) If (A)] If (1) the number of new employees on account of
127 which a taxpayer claimed the credit allowed by this section decreases
128 to less than the number for which the commissioner issued an
129 eligibility certificate during any of the four years succeeding the first
130 full income year following the issuance of an eligibility certificate, and
131 [(B)] (2) those employees are not replaced by other employees who
132 have not been shifted from an existing location of the taxpayer or a
133 related person in this state, the taxpayer shall [be required to recapture
134 a percentage of the credit allowed under this section on its tax return,
135 as determined under the provisions of subdivision (2) of this
136 subsection] recapture fifteen hundred dollars for each new employee
137 below the number of new employees from the prior calendar year, as
138 determined by the commissioner. The commissioner shall issue no
139 credits to a taxpayer during a year in which there is a recapture. The
140 commissioner shall provide notice of the required recapture amount to
141 both the taxpayer and the Commissioner of Revenue Services.

142 [(2) If the taxpayer is required under the provisions of subdivision
143 (1) of this subsection to recapture a portion of the credit during (A) the
144 first of such four years, then ninety per cent of the credit allowed shall

145 be recaptured on the tax return required to be filed for such year, (B)
146 the second of such four years, then sixty-five per cent of the credit
147 allowed for the entire period of eligibility shall be recaptured on the
148 tax return required to be filed for such year, (C) the third of such four
149 years, then fifty per cent of the credit allowed for the entire period of
150 eligibility shall be recaptured on the tax return required to be filed for
151 such year, (D) the fourth of such four years, then thirty per cent of the
152 credit allowed for the entire period of eligibility shall be recaptured on
153 the tax return required to be filed for such year.]

154 Sec. 2. (*Effective from passage*) (a) On or before February 1, 2010, the
155 Commissioner of Economic and Community Development shall
156 compile a list, which shall be available to the public, of business types
157 and required permits and licenses for such business types and shall
158 develop recommendations for the establishment of a centralized, one-
159 stop office for all state business permitting.

160 (b) The department shall report the recommendations for a
161 centralized business permitting office developed pursuant to
162 subsection (a) of this section to the joint standing committee of the
163 General Assembly having cognizance of matters relating to commerce
164 on or before February 1, 2010.

165 Sec. 3. (NEW) (*Effective from passage*) (a) Beginning with the session
166 of the General Assembly convening on February 3, 2010, a jobs impact
167 statement shall be prepared with respect to certain bills and
168 amendments that could, if passed, affect private sector employment in
169 this state.

170 (b) Not later than February 1, 2010, the joint standing committee of
171 the General Assembly having cognizance of matters relating to
172 commerce shall make recommendations for a provision to be included
173 in the joint rules of the House of Representatives and the Senate
174 concerning the procedure for the preparation of such jobs impact
175 statements, the content of such statements and the types of bills and
176 amendments with respect to which such statements should be

177 prepared.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	12-217ii
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section

Statement of Legislative Commissioners:

Section 1(d)(3) was reworded for accuracy and in Sec. 2(a), after "licenses" the phrase "for such business types" was inserted for clarity.

CE *Joint Favorable Subst.-LCO*